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EDITORIALS

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[OUR OPINION]

Systemic change would cut workers comp cost

WORKERS compensation costs to Hawaii employers have risen to third-highest in the country, and the Legislature needs to take action. The most effective method of bringing these costs under control may be to allow companies to enter into contracts with physicians or managed-care organizations to provide non-emergency treatment of injured employees, as proposed by the Lingle administration.

Research compiled by the state of Oregon shows that California employers paid \$5.23 for every \$100 of payroll in 2002, followed by Florida's \$4.50 and Hawaii's \$3.48. Employers in only 10 states averaged more than \$3 in workers-comp costs per \$100 of payroll.

Under the current system, an employee in Hawaii is allowed to reject the employer's choice of physician and choose his or her doctor for treatment of job-related ailments. Under the Lingle proposal, a company could provide employees a list of at least three employer-designated physicians from whom to choose. After four months of treatment, the employee could see a physician not on the list.

The Cambridge, Mass.-based Workers Compensation Research

THE ISSUE

The Lingle administration has proposed numerous changes in Hawaii's workers compensation law.

Institute concluded in a 2001 study that medical costs are 16 percent to 46 percent lower when workers are treated exclusively by network medical providers, up to 11 percent lower when treatment is predominantly by network doctors. State Labor Director Nelson Befitel says states that have adopted the kind of program he proposes — including the four-month "opt out" provision — reduced employers' compensation costs by as much as 14 percent.

The study did not measure the quality and accessibility of medical care, important elements that need to be considered. Members of the institute that conducted the study include not only employ-

ers, insurers and state regulators but several state labor organizations that should make information on those aspects accessible.

The proposal is included in a Lingle administration bill that also would make other changes in the state's workers compensation law. Another important part of the bill would allow the state insurance commissioner to investigate workers comp fraud.

The bill also would eliminate workers comp claims of stress resulting from any good-faith personnel action, such as job transfer, work evaluation, criticism and counseling. A 1998 law that was supposed to eliminate such abuse of workers comp laws disallowed claims of stress arising from disciplinary actions but not from other personnel actions.

Befitel says those and other proposals in the bill need to be adopted to produce a cost reduction in workers compensation. House Labor Chairman Marcus Oshiro called the proposals a "mixed bag," some of which he opposes as "takeaways from workers." Oshiro should abandon such labor-union jargon and view the bill with appropriate balance.